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**INFORMATION REPORT**

COUNTRY

Germany (Russian Zone)

25X1A

FLB  
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SUBJECT

Production Statistics  
in Russian Zone

DATE DISTR. 3 May 1948

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SUPPLEMENT TO  
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1. According to a report on Russian Zone production compiled by the Central Bureau for Statistics in Berlin, five enterprises in the Russian Zone produce super phosphate (March 1948). During 1947, the highest utilization of production in this industry was 38 percent, the lowest 18 percent. Four Russian Zone enterprises produce calcium carbide. The highest 1947 utilization of capacity was 68 percent, the lowest 14 percent. Cell-wool (Zellwolle) production of four enterprises in 1947 was 48 percent of utilization at highest level and 31 percent at lowest.

2. Cement production in Thuringia in 1947 utilized 38 percent of capacity at highest level and 20 percent at lowest.

3. Reasons given for the non-utilization of existing production capacity were shortage of raw materials, auxiliary materials, and lubricants; lack of equipment, inadequacy of overage equipment; lack of skilled labor; and decrease of efficiency caused by the food situation. The chief difficulty in the labor situation is the lack of young replacements, but the shortage of skilled labor in higher age brackets caused by shifting of workers from peace production into war industry in the Hitler period is still much felt. In addition many workers tend to leave industry requiring heavy work for that demanding lighter work; this affects particularly the steel and glass industries, since other industries are able to offer lighter work, higher wages, and some payment in kind.

25X1A

Comment: The report recommended immediate measures to counter this type of fluctuation, including a large-scale campaign to recruit apprentices for covering part of the loss of ten age classes.

4. Failure to utilize capacity is also attributed to simultaneous existence of private, communal, state-owned, and

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Soviet-owned enterprises in the Russian Zone. Differences in economic organization do not permit production planning with the necessary efficiency, since each organizational form requires different methods of calculation and different evaluation of profit. Moreover, production for the so-called free market often hampers planning because free market enterprises work on a too large profit basis.

5. In comparison with 1944 the report indicates a decrease of production capacity by 1947 to the following extent:

Light bulbs for all uses	90 percent
Electric elements and dry cell batteries	68 percent
Foundries (Hütten- und Umschmelzbetriebe)	59 percent
Cables and electric wires	46 percent
Oven tiles (Land Brandenburg only)	67 percent

6. Decrease in work efficiency, caused by bad food and living conditions, and the sometimes primitive manufacturing methods, necessitated by lack of material and disrepair of equipment, resulted in a sharp increase of relative wage costs in comparison to cost prices. Similarly the increase of production costs between 1944 and 1947 appears in the following figures:

Industry	Wage Cost Increase	Production Cost Increase
Super phosphates	50 percent	108 percent
Cement	65 percent	
Glass	up to 400 percent	200-220 percent
Cotton products	35 percent	
Textile products	70 percent	
Cell wool	49 percent	19,59,75,113 percent*
Furniture	16 percent	
Boring machines	43 percent	
Elements and dry cell batteries	up to 400 percent	up to 105 percent
Cables and wires	up to 300 percent	up to 95 percent
Machine tools		about 25 percent
Agricultural machines		about 15 percent
Typewriters		about 40 percent
Paper		about 17 percent
Oven tiles		about 100 percent

\*For the four enterprises in the Russian Zone. At the beginning of 1948 the prices of cell wool were standardized by assimilating the price of the cheap B type to that of the more expensive W type.

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